

Service Date: May 6, 1986

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER Of The Application of)	
PACIFIC POWER AND LIGHT COMPANY For)	UTILITY DIVISION
Authority To Transfer The Assets and)	DOCKET NO. 86.3.9
Operating Responsibilities Of Its)	ORDER NO. 5205
Water Utility in Libby, Montana To)	
The City of Libby.)	

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1. On March 6, 1986, a petition was filed with the Montana Public Service Commission requesting the Commission, pursuant to jurisdiction established by 69-3-101 et seq., MCA, authorize the transfer of the assets and operating responsibilities of Pacific Power and Light Company's water utility in Libby, Montana to the City of Libby. The City of Libby proposes to continue water service to all consumers previously supplied by Pacific Power and Light. Transfer of the assets will not in itself result in a rate increase for any consumer, but the City of Libby proposes a 20 percent reduction in the base rate for consumers residing within the City limits of the City of Libby.

2. On March 14, 1986, the Commission issued a Notice of Opportunity for Public Hearing, which was sent to the Montana Consumer Counsel and was published in the March 20, 1986 edition of the Daily InterLake, Kalispell, Montana and the March 19, 1986

edition of the Kootenai Valley Eagle, Libby, Montana. The Notice gave interested parties until April 14, 1986, to request a hearing or submit protests regarding the Application.

3. On April 8, 1986, the Commission received a single protest objecting to the Application, this protest was limited in scope and objected only to the proposed rate structure to be implemented by the City. This protest was not accompanied by a request for public hearing, therefore, pursuant to the provisions of the notice, no public hearing was scheduled.

4. The protestant objects to the City's implementation of reduced rates for consumers residing within the City limits of the City of Libby. The protestant indicates that a need exists for funds to make capital improvements to the water system and that the necessary funds could be generated by the non-allowance of the proposed rate reduction to consumers residing within the City limits.

5. As part of the application filed in support of a request for transfer of utility assets the Commission requires the submission of financial information, this financial data includes a projected operating statement for the entity acquiring the utility. Examination of the City of Libby's operating statement indicates that the City will have available approximately \$100,000 annually in capital improvement funds. Based upon the Commission's knowledge of similarly situated water utilities the amount available for annual capital improvement funding should be adequate for a water utility the size of the Libby system.

6. The City indicates that its proposal to reduce rates to consumers residing within the City of Libby is predicated on its belief that those consumers are helping pay overhead costs associated with the water system such as police protection, fire protection, street maintenance, etc. through their payment of City property taxes. The City's contention was not impeached and the financial

information submitted in support of the application indicates that sufficient funds will to be generated under the rate proposal to adequately operate the utility. Therefore, the Commission finds that the initial rate proposal of the City should be approved.

7. A review of the Application indicates no threat to the adequacy or availability of service to the utility's customers.

8. The proposed new owner appears to have the financial and other resources necessary to provide adequate service in the future.

CONCLUSIONS OF LAW

1. This Commission has jurisdiction over the parties and matter contained in this Docket.

2. The application demonstrates that the transfer of ownership will not result in inadequate service or unreasonable rates.

3. The proposed new owner is fit, willing and able to assume the service responsibilities associated with ownership of the water system now owned by Pacific Power and Light Company.

NOW THEREFORE, IT IS ORDERED THAT:

1. Pacific Power and Light Company is hereby authorized to transfer its assets and operating responsibilities to the City of Libby.

2. Upon transfer, the City of Libby shall file rates, consistent with those outlined in the application, for provision of service to consumers in Libby, Montana.

DONE IN OPEN SESSION this 5th day of May 1986, by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, Commissioner

DANNY OBERG, Commissioner

JOHN B. DRISCOLL, Commissioner

ATTEST:

Trenna Scoffield
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.